

The nature of the " other securities " contained in the issue department is not specified, but, undoubtedly, they consist of the finest Government and other investments. Dealing with the bank return of September the 24th, 1908, the "other securities" were valued at £7,434,900; the "Government debt " amounted, as already stated, to £11,015,100 ; their sum was £18,450,000; and as the notes then issued amounted to £55,366,805,¹ the difference of £36,916,805 expressed the value of the gold coin and bullion which the department then possessed as the actual protecting fund in cash for its liabilities under notes.

The banking department is conducted on the same principles as those which govern the business of the joint stock and private banks. Here on the left-hand (or liability) side of its account we find an amount of "public deposits " consisting of the balances of the funds of the national exchequer, of the savings' banks, the deposits of the Commissioners of the National Debt, and the sums held for the payment of dividends on Government and other stocks which the Bank administers. The aggregate amount is stated in the return to be £7,639,534.²

when considered, not as coins, but simply with reference to their value as raw metallic material. The derivation of the word is obscure, but it is connected with the Latin *lullio*, to be boiling, or to be in bubbling motion or a state of ebullition, and ultimately from *lulla*, which means any object swelling up and thus becoming round. The primitive notion implied, however, if correct, must have passed in process of use from that of " boiling " into that of "melting," which is the English employment of the term.

¹ This amount can be increased (against securities) to the extent of two-thirds of any independent right of issue of notes possessed by other banks which may lapse from any cause from time to time. At the beginning of 1909 the authorised issue of notes of the banks which continue to exercise this privilege amounted to £1,204,490. When, accordingly, this right should completely be abandoned, the Bank of England may augment its circulation of notes against securities to the limit of about £800,000. But any increase beyond this limit (when it comes into operation) is only allowable to the extent of an additional and equivalent amount of gold coin and bullion.

² The Bank, it will be remembered, receives the national revenue (for the Government) collected by the Customs and Excise officers; on the other hand, the disbursements which the Government has to make to the Army, Navy, and Civil Service are effected by cheques on the Bank ; and, further, the payment of the interest upon the National Debt is also discharged (on behalf of the Government) by the Bank.